



August 27, 2020
Testimony of AARP Connecticut
Energy and Technology Committee
Forum on Tropical Storm Isaias Response and Electric Utility Rate Increases

On behalf of AARP Connecticut and our nearly 600,000 members, we hereby submit this testimony to the Energy and Technology Committee. We support and applaud the committee's move to investigate the July 1, 2020 rate increase and recent utility storm response.

Many of our members are on low or fixed incomes. The COVID-19 pandemic has caused many of those members who need to work to become unemployed. Raising rates during a pandemic is unconscionable. With among the highest electricity rates in the United States, Connecticut electricity consumers already were in a challenging position.

According to May 2020 DOE data, Connecticut's residential rates at 23.96 cents per kWh were fourth highest in the U.S., where the average is only 13 cents per kWh. Connecticut's rates are the highest in New England as well, where the average is 21.63 cents per kWh. Every policy initiative proposed in our state either by PURA or the legislature needs to acknowledge our unenviable status of having among the highest rates in the country.

AARP acknowledges that the reasons for our high rates are complex and that there is no silver bullet to fix that, but we believe there are steps that can be taken to mitigate the problem.

Our specific comments and recommendations are as follows:

Repeal Connecticut's 10 year power purchase agreement that required the Electric Distribution Companies to buy power from Dominion's Millstone power plant.

The Electric distribution companies claim part of the increase is due to the new subsidy for the Dominion nuclear power plant, Millstone. Although AARP continues to believe this was a mistake on the part of the legislature, this claim also ignores the fact that the plant serves the 5

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states in ISO New England, not just Connecticut. AARP urges the legislature to repeal the scheme. If there is a need for additional payments, Dominion should instead approach ISO New England like Exelon did with the Mystic plant in Boston.

Repeal the revenue decoupling automatic rate increase mechanism

It appears part of the rate increases may be due to lower electric sales last year. This is because state statutes allow PURA to use the make whole payment mechanism known as revenue decoupling. This has triggered a rate increase to offset the revenue decrease caused by a decline in sales.

Revenue decoupling typically is triggered when sales decreases are claimed to be attributable to ratepayer conservation, making the utility reluctant to encourage conservation without guaranteed revenue protections to make up for the lost sales. AARP opposes revenue decoupling. Utilities are not entitled to such a make-whole payment under the regulatory compact. We urge that PURA repeal its use immediately to avoid it in the future.

The legislature should repeal all rate decoupling mechanisms in state statutes.

Scrutinize ISO New England spending and related trackers

Another cause of the rate increase appears to be ISO New England related charges that are passed on to Connecticut customers through at least three trackers.

These include the transmission access charge, the congestion charge, and the electric system improvement tracker. AARP opposes single-issue trackers which fast track spending cost recovery and give the utilities no incentive to fight those charges in the first place – either with ISO New England or with FERC.

AARP urges PURA to order the utilities to be more aggressive before ISO New England and FERC in order to keep costs as low as possible. The transmission spending plans need to be aggressively questioned given our uncertain environment.

Make sure any new spending for storm hardening is cost effective

AARP has worked on many of the legislature's recent storm response initiatives. It is clear that the disappointing performance of the utilities during Tropical Storm Isaias means more needs to be done. The solution is not to throw money at the problem. The solutions should be cost effective to ratepayers and be those that will address the problems experienced.

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Halt or postpone all non-essential spending

Because Connecticut's electricity rates are so high and because of the pandemic, AARP urges that all non-essential spending be put on hold. This includes increases in conservation spending, uneconomic or questionable spending for grid modernization and so-called grid hardening, subsidies for electric vehicles, subsidies to promote heat pumps over gas furnaces, and additional spending for conservation programs.

The entire energy policy mindset needs a reset due to the pandemic and customer reaction to the high Eversource bills. This moment should be a wakeup call for the state.

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